



Annual Report 1961



TWO YEARS FROM NOW, OR TWENTY, these surfaces will still look bright and sparkling new...if they're "ARBORITE" plastic laminate!

In this living-room scene, you can see "ARBORITE" used for walls and cupboard doors, on table top and bookshelf facings, on baseboards and ceiling beams and on the door. The number of uses to which "ARBORITE" can be put in the home, in industry and in such institutions as schools and hospitals is limitless. "ARBORITE" plastic laminate is Canada's first and finest. Because of its hard, smooth surface, "ARBORITE" not only is impervious to surface moisture, bacteria, alcohol and ordinary household solvents, but is also remarkably easy to clean and will retain its original finish indefinitely.



To all Shareholders and Employees

February 15th, 1962.

Since this year's Annual Report is to be distributed to employees as well as to shareholders, an examination of the contribution made by each of these groups and the rewards received by them should be of interest to both parties. Fundamentally, employees contribute their skills and their time and shareholders contribute for each employee \$19,089 total assets to provide production facilities and money to operate the business.

It is impossible today to ignore the tax collector when one is considering the rewards of the business. "Take-home-pay" is commonly used to describe the amount of money left after income taxes have been deducted at source. It is used in this way in the following paragraphs:

During the year 41,809,630 total man-hours were worked by all employees. The average take-home pay of all salaried and hourly-paid employees was \$1.94 per man-hour. Taxes paid by the company for its own account and the tax deductions from employees' salaries and wages were 62¢ per man-hour. Dividends paid to shareholders were equivalent to 28¢ per man-hour.

Of the total amounts paid out to these three groups:

Employees received as take-home pay			68%
Governments received as taxes			22%
Shareholders received as dividends .			10%

We would have preferred to express the shareholders take-home pay in the same manner as the employees, but since taxes on dividends are not deducted by the Company we have no means of knowing the amount. It is certain, however, that the taxes were substantial and that the shareholders take-home pay was considerably less than the 28¢ per man-hour shown, hence the amount shown for taxes should actually be higher.

One very interesting thing which comes out of this study is the high cost of the services which we receive from governments. We sometimes think of these as being free, but in fact taxes took one-third as much out of our business in 1961 as the employees received for all their salaries and wages and more than twice as much as the shareholders received in dividends.

M.A. Will

DIRECTORS AND OFFICERS

DIRECTORS

deGaspe Beaubien, C.B.E., Montreal

George W. Bourke, Montreal

Robert A. Bryce, Toronto

*C. Gordon Cockshutt, Brantford

Ralph W. Cooper, Hamilton

*H. Roy Crabtree, Montreal

Shirley G. Dixon, Q.C., Montreal

George H. Dobbie, Galt

Raymond Dupuis, Q.C., Montreal

J. E. L. Duquet, Q.C., Montreal

Hon. Geo. B. Foster, Q.C., Montreal

*Percy M. Fox, Montreal

C. L. Gundy, Toronto

Roger T. Hager, Vancouver

*Members of the Executive Committee M. W. McCutcheon, C.B.E., Q.C., Chairman. *W. N. Hall, Montreal

R. D. Harkness, D.S.O., M.C., Montreal

W. H. Howard, C.B.E., Q.C., Montreal

J. G. Kirkpatrick, Q.C., Montreal

H. R. MacMillan, C.B.E., D.Sc., LL.D., Vancouver

*M. Wallace McCutcheon, C.B.E., Q.C., Toronto

*John A. McDougald, Toronto

*W. E. Phillips, C.B.E., D.S.O., M.C., LL.D., Toronto Nathan Pitcairn, Philadelphia, Pa.

*Arthur Ross, New York

J. N. Swinden, Toronto

*E. P. Taylor, C.M.G., Toronto

N. A. Timmins, Jr., Montreal

*Colin W. Webster, Montreal

OFFICERS

E. P. Taylor, C.M.G., Chairman of the Board

M. Wallace McCutcheon, C.B.E., Q.C.,

Vice-Chairman of the Board

W. N. Hall, President

R. M. Collins, Group Vice-President

C. M. Fellows, Group Vice-President

R. E. Kirbyson, Group Vice-President

H. E. Mason, Group Vice-President

W. H. Palm, Group Vice-President

E. A. Thompson, Group Vice-President

W. E. Adkins, Vice-President

W. R. Spence, Vice-President

D. S. Thomas, F.C.I.S., Vice-President and Chief Financial Officer

J. G. Wyllie, C.A., Vice-President and Treasurer

S. A. Kerr, C.A., F.C.I.S., Secretary and Assistant Treasurer

W. J. Strain, Comptroller

C. A. Brooke, A.C.I.S., R.I.A., Assistant Secretary

W. Gillean, Assistant Secretary, Legal

E. G. Aust, C.A., Assistant Treasurer

GENERAL OFFICES

Twenty-second floor, Sun Life Building, Montreal 2, Quebec

TRANSFER AGENTS

for preference and common shares:

Montreal Trust Company - Halifax, N.S.;

Saint John, N.B.; Montreal, Que.; Toronto, Ont.; Winnipeg, Man.; Vancouver, B.C.

for common shares only:

Empire Trust Company, New York, N.Y.

REGISTRARS

for preference and common shares:

The Royal Trust Company – Halifax, N.S., Saint John, N.B.; Montreal, Que.; Toronto, Ont.;

Winnipeg, Man.; Vancouver, B.C.

for common shares only:

Empire Trust Company, New York, N.Y.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The consolidated financial statements of your Company and its subsidiaries for the year ended December 31, 1961 are submitted herewith together with the auditors' report thereon.

In the report last year, reference was made to the Company's expansion in the paper industry and to the offer which was then being made to acquire the remaining outstanding common shares of Howard Smith Paper Mills, Limited and to acquire all the outstanding common shares of St. Lawrence Corporation Limited, other than those held by residents of the United States of America. During the year, these offers were brought to a successful conclusion and Howard Smith became a wholly owned subsidiary in September, 1961. At December 31, 1961, your Company had acquired 93.17% of the issued and outstanding common shares of St. Lawrence so that the accounts of both these companies are now consolidated in the statements submitted herewith. Since St. Lawrence already owned over 60% of the very well known packaging company, Hinde and Dauch Limited, that company's accounts are also included in the consolidation.

It will be observed that the attached consolidated balance sheet shows comparative figures at December 31, 1960, which are those reported to shareholders in February, 1961 and which, therefore, do not include any amounts in respect of St. Lawrence and its subsidiary companies. In the consolidated statement of profit and loss, however, it has been deemed desirable to adjust the reported earnings for 1960 as if your Company had in that year held a 100% interest in the common shares of Howard Smith and had held a 93.17% interest in the common stock of St. Lawrence. In this report, last year's published figures are referred to as "actual" whereas the comparative figures for 1960 on the basis of existing ownership are described as "pro forma".

SALES:

The consolidated sales of your Company in 1961 totalled \$325,705,782. These compare with pro forma sales of \$316,987,470 for the previous year and actual sales of \$215,116,592 in the 1960 published accounts.

The following table sets out a percentage comparison of the source of the total sales:

		1960	1960
	1961	Actual	Pro forma
Pulp and Paper	64%	44%	63%
Chemicals	16%	26%	17%
Building Materials	20%	30%	20%

The single commodity sold in largest quantities is newsprint which constituted about one-quarter of the pulp and paper sales in 1961.

It should be noted that the \$8,718,000 increase in 1961 sales against the pro forma 1960 figure, or 2.8%, is a fair measure of physical volume change. The change in exchange rate increased revenue by \$2,750,000 but

this was almost exactly offset by major price declines in pulp, building materials and some grades of salt.

PROFIT AND DIVIDENDS:

Operating earnings before investment income, interest on funded debt, depreciation, income taxes and minority interests were \$56,459,301 or 17.3% of sales, compared with the pro forma figure of \$55,708,371 the previous year, or 17.5% of sales. The actual percentage in 1960 was 16%.

After all charges, including income taxes estimated to be payable in respect of the year's earnings, the net profit amounts to \$18,799,052, equal to \$1.29 per common share. 1960 actual figures were \$10,079,345 and \$1.43. The 1960 pro forma figures were \$18,063,103 and \$1.26.

Dividends were paid at the rates of \$1.00 per preference share and 80¢ per common share, calling for a total payment of \$11,491,446.

BALANCE SHEET:

The working capital at the year end amounts to \$101,728,118 increased from \$52,237,008 the year before when St. Lawrence was not a subsidiary.

The consolidated funded debt amounts to \$100,738,000. The debt is covered by \$290,711,270 of net assets, after deducting all current liabilities and making full provision for the preferred shares of subsidiary companies and other minority interests.

A total of 7,435,041 common shares of your Company were issued in 1961 to former holders of Howard Smith and St. Lawrence stock under the exchange offers. In addition, 81,227 common shares were issued during the year for \$1,397,104 cash under the Employees' Stock Purchase Plan, largely to our new senior employees from the pulp and paper companies taken over. The total number of common shares issued and outstanding at the end of the year was 14,322,200.

CAPITAL EXPENDITURES:

During the year \$19,010,349 was spent on additions to fixed assets, largely financed from the internal cash flow of the Company. The balance of commitments for capital expenditures carried forward into 1962 totalled \$29,867,422.

Details of some of the major projects will be found elsewhere in this Annual Report under the heading "Capital Expenditure Program".

OPERATIONS:

Since the first of July, 1961 the operations of your Company and its subsidiaries have been conducted in six major sections, each under the direction of a Group Vice-President. You will find elsewhere in this Annual Report rather complete descriptions of each Group and its activities.

During the year, building materials and some of our chemicals suffered by reason of pricing problems, and the Coal Tar Products Division encountered some serious technical problems as a result of changing

characteristics of coal tar supplied to it by the steel companies. As a result, both our Construction Materials and Chemicals had relatively poor second halves, but this was a good period for Newsprint. Packaging had a good second half as did Fine Paper and Consumer Products, so the overall result was favourable.

A major consideration in the recent amalgamation has been the building up of an ability to finance the carrying out of research on a larger scale. We have already been adding to our research staff in preparation for a new research centre, which will be established on a hundred acre site immediately adjacent to the new Trans-Canada Highway in the Town of Senneville at the extreme west end of the Island of Montreal. General plot plans and layouts have been completed and a well known firm of architects is now actively engaged in finalizing detailed plans. It is anticipated that the cost of the initial development for land, buildings and equipment will be of the order of \$3,000,000.

A decision was taken during the year by your Board of Directors to erect a lime plant in Tacoma, Washington; this plant will be a major consumer of limestone from our quarries in British Columbia. A decision was also made to manufacture the "Arborite" brand of plastic laminates in the United Kingdom. These two decisions are important beyond the sums of money involved, as they represent the implementation of a new policy that your Company should exploit its know-how by manufacturing internationally rather than just in Canada. We have been large participants in world commerce for a long time, but previously only by exports from Canada.

OFFICERS AND DIRECTORS:

It is with great regret that the death of Mr. Lionel O. P. Walsh is reported. He joined the organization soon after its inception and served it in many capacities for nearly fifty years. He was President from 1929 to 1946 and a director until his death. He contributed much to the development of the Company.

The Board was enlarged during the year to permit the transfer of ten directors of St. Lawrence and Howard Smith to the Board of the parent Company, thus retaining their valuable experience in the affairs of those companies and their industries.

The degree of cooperation extended and tolerance shown by the Officers and Employees of the entire group of companies during what could have been a difficult period in learning to work together has been remarkable and your Directors wish to extend to them their sincere thanks.

ON BEHALF OF THE BOARD

E. P. TAYLOR W. N. HALL
Chairman President

Montreal, Canada. February 7, 1962.

ASSETS

	1961	1960 (See footnote)
CURRENT:		
Cash	\$ 2,552,504	\$ 2,079,152
Marketable securities, at cost (quoted value \$15,382,208)	15,373,290	3,825,000
Accounts receivable	43,940,521	29,224,772
Inventories of finished products, work in process, raw materials and supplies at lower of cost or market	44,374,318	31,079,470
Pulpwood and advances on woods operations	29,432,598	8,782,161
Prepaid insurance and property taxes	2,416,375	1,468,124
	\$138,089,606	\$ 76,458,679
INVESTMENTS AND ADVANCES, at cost	\$ 4,863,369	\$ 2,933,946
Land and water power rights, at cost	\$ 6,815,796	\$ 4,758,067
Buildings, plant, machinery, equipment and timber limits — Note 2	385,556,745	254,640,771
	\$392,372,541	\$259,398,838
Less: Accumulated depreciation and depletion	175,903,906	111,114,649
	\$216,468,635	\$148,284,189
SIGNED ON BEHALF OF THE BOARD: W. N. HALL, Director COLIN W. WEBSTER, Director		
	\$359,421,610	\$227,676,814

The 1960 figures are as reported to the sharehold include any amounts in respect of St. Lawre

LIABILITIES

	1961	1960 (See footnote)
CURRENT:		
Accounts payable and accrued liabilities	\$ 22,889,053	\$ 16,576,425
Provision for income and other taxes — Note 3	10,208,463	6,254,175
Dividends payable	3,263,972	1,391,071
	\$ 36,361,488	\$ 24,221,671
FUNDED DEBT - Note 4	\$100,738,000	\$ 56,036,000
PREFERRED SHARES OF SUBSIDIARY COMPANIES AND OTHER MINORITY INTERESTS - Note 5	\$ 32,348,852	\$ 35,591,282
CAPITAL:		
Capital stock —		
Cumulative redeemable preference shares, each of a par value of \$23.50 with annual dividend of \$1.00 —	£ 7.050.000	£ 7.050.000
Authorized and issued — 300,000 shares	\$ 7,050,000 125,349,122	\$ 7,050,000 53,999,757
Surplus resulting from restatement of certain fixed assets — Note 7	13,838,449	13,900,011
Earned surplus, per statement attached	43,735,699	36,878,093
	\$189,973,270	\$111,827,861
	\$359,421,610	\$227,676,814

er date of February 13 1961 and therefore do not poration Limited and its subsidiaries — Note 1.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS

FOR THE YEAR ENDED DECEMBER 31 1961

			1961	1960 (Pro forma— Note 1)
Sales			\$325,705,782	\$316,987,470
Cost of sales i	including selling, general and administrative expense	s	269,246,481	261,279,099
			\$ 56,459,301	\$ 55,708,371
Investment an	nd sundry income		1,792,218	2,193,550
			\$ 58,251,519	\$ 57,901,921
Interest on fur	nded debt		\$ 5,450,974	\$ 4,897,089
	and depletion		18,500,000	18,372,610
	— Note 3		13,404,000	14,479,608
	minority interests		2,097,493	2,089,511
			\$ 39,452,467	\$ 39,838,818
Profit for	the year — Note 3		\$ 18,799,052	\$ 18,063,103
Earned surplu	s — balance at beginning of year		36,878,093	
			\$ 55,677,145	
Expenses of ex	xchange offers		\$ 450,000	
Dividends on	preference shares		300,000	
Dividends on	common shares		11,191,446	
			\$ 11,941,446	
Earned su	urplus — balance at end of year		\$ 43,735,699	

The following amounts were paid by the Company during 1961 in respect of: remuneration of executive officers \$656,918; directors' fees \$43,315; legal fees \$72,336.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - PRINCIPLES OF CONSOLIDATION:

It has been the practice of Dominion Tar & Chemical Company, Limited to include the accounts of all subsidiary companies in its consolidated financial statements. During 1961, but with effect from January 1, 1961, the Company acquired an equity of 93.17% in the outstanding common shares of St. Lawrence Corporation Limited and, accordingly, the accounts of that company and its subsidiaries are included in the consolidated financial statements for the first time. Also during 1961, but with effect from January 1, 1961, the Company increased its equity in the outstanding common shares of Howard Smith Paper Mills, Limited from 61.6% to 100%.

In order to permit comparison of the operating results of 1960 and 1961 the reported earnings for 1960 have been adjusted to give effect to the assumption that Dominion Tar & Chemical Company, Limited throughout the year 1960 had held a 100% interest in the common shares of Howard Smith Paper Mills, Limited and had held a 93.17% interest in the common shares of St. Lawrence Corporation Limited.

NOTE 2 - BUILDINGS, PLANT, MACHINERY, EQUIPMENT AND TIMBER LIMITS -BASIS OF VALUATION:

Dominion Tar & Chemical Company, Limited and subsidiary companies (excluding the under-noted subsidiary companies) at depreciated replacement values as determined by the Canadian Appraisal Company Limited in 1949, 1950, 1952 and 1953, plus subsequent additions at cost......

\$138,238,664

Howard Smith Paper Mills, Limited and subsidiary companies at cost

130,554,777

St. Lawrence Corporation Limited — real estate, buildings, machinery, equipment, freehold and leasehold timber limits and woodlands improvements and equipment at cost less write-offs (including in such cost the excess cost of shares of a partly owned subsidiary company consolidated herein over book value)

116,763,304

\$385,556,745

NOTE 3 - INCOME TAXES:

Income taxes of the parent company have been calculated on the basis of the intention to claim capital cost allowances which exceed depreciation provided in the accounts by \$5,800,000. As a result the total taxes otherwise payable for the year have been reduced by approximately \$2,900,000 (\$1,790,000 in 1960). The cumulative amount by which taxes otherwise payable have been reduced is approximately \$8,070,000.

The Company has received federal income tax assessments in respect of the years 1959 and 1960. The principal item in dispute in the assessments (approximately \$4,225,000 plus interest) arises out of the reallocation by the tax authorities of the purchase considerations for the depreciable assets acquired from Gypsum, Lime and Alabastine, Canada, Limited, which reallocation disregards the terms of the contract dated January 21 1959. It is the opinion of the Board of Directors, based upon their knowledge of the facts and opinion of Tax Counsel, that the Company's Notices of Objections which have since been filed

should be sustained. In the circumstances, no special provision has been made in the attached accounts for any liability arising from these assessments.

NOTE 4 - FUNDED DEBT:

Dominion Tar & Chemical Company, Limited—3½% First mortgage sinking fund bonds, Series "B", maturing August 1 1970	\$ 2,700,000
5% Sinking fund debentures, Series "A", due June 1 1965	4,000,000
51/4% Sinking fund debentures, Series "A", due June 1 1978	22,250,000
61/4% Sinking fund debentures, Series "B", due May 1 1980	15,000,000
Less: Held for sinking fund	\$ 43,950,000 581,000
	\$ 43,369,000
Howard Smith Paper Mills, Limited — 3% First mortage bonds, 1950 series, due December 1 1962-70	\$ 5,375,000
Donnacona Paper Company, Limited — 3½% First mortgage bonds, Series "B" and "C", maturing July 1 1962 (\$3,190,000 payable in U.S. funds)	3,692,500
	\$ 9,067,500
St. Lawrence Corporation Limited — First mortgage sinking fund bonds — 5% Series "A", due April 15 1972	\$ 15,147,000
43/4% Series "B", due April 15 1972 (payable in U.S. funds)	5,508,000
5% Series "C", due May 1 1978	11,948,000
Sinking fund debentures (secured) — 63/4% Series "A", due June 15 1980	15,000,000
Hinde and Dauch Limited — 3½% Serial debentures (secured), due 1962-1965	2,400,000
Less: Held for sinking fund	\$ 50,003,000 1,701,500
	\$ 48,301,500
	\$100,738,000

The following amounts are required for retirement of funded debt in 1962 (after deducting bonds and debentures held for sinking fund)—

Dominion Tar & Chemical Company, Limited	\$ 1,644,000
Howard Smith Paper Mills, Limited	575,000
Donnacona Paper Company, Limited	3,692,500
St. Lawrence Corporation Limited	195,500
Hinde and Dauch Limited	400,000
	\$ 6,507,000

NOTE 5-PREFERRED SHARES OF SUBSIDIARY COMPANIES AND OTHER MINORITY INTERESTS:

\$ 8,000,000
13,363,100
10,985,752
\$ 32,348,852

NOTE 6 - COMMON SHARES WITHOUT NOMINAL OR PAR VALUE:

Authorized (after increase of	Shares	
10,000,000 shares in 1961)	20,000,000	
Outstanding at December 31	6,805,932	\$53,999,757
Issued in 1961 under exchange offers to common shareholders		

of Howard Smith Paper Mills,		
Limited and of St. Lawrence		
Corporation Limited and valued		
by the directors at amounts		
equivalent to the book value of		
the consolidated net assets attri-		
butable to the shares acquired	7,435,041	\$ 69,952,261
Issued for cash in 1961	81,227	1,397,104
Outstanding at December 31 1961	14,322,200	\$125,349,122

NOTE 7-SURPLUS RESULTING FROM RESTATEMENT OF CERTAIN FIXED ASSETS:

depreciated book value of certain fixed assets (unchanged during year)	\$ 15,141,969
Net excess (after net increase of \$61,562 during 1961) of consideration for acquisition of shares of subsidiaries over book value of net	
assets	1,303,520
	\$ 13,838,449

AUDITORS' REPORT TO THE SHAREHOLDERS

February 7 1962

We have examined the consolidated balance sheet of Dominion Tar & Chemical Company, Limited and subsidiary companies as at December 31 1961 and the consolidated statement of profit and loss and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances, except for Howard Smith Paper Mills, Limited and its subsidiary companies and St. Lawrence Corporation Limited and certain of its subsidiary companies whose accounts have been examined and reported on by other chartered accountants.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies examined by us and by the audited statements of Howard Smith Paper Mills, Limited and its subsidiary companies and of St. Lawrence Corporation Limited and its subsidiary companies, the accompanying consolidated balance sheet and the related consolidated statement of profit and loss and earned surplus, with the notes thereto, are properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of Dominion Tar & Chemical Company, Limited and subsidiary companies as at December 31 1961 and the results of their combined operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & Co.

Chartered Accountants

CAPITAL EXPENDITURE PROGRAM

During the year under review a considerable number of capital expenditure projects were completed, continued or initiated. In the main the new facilities are designed to increase capacities, improve efficiencies or to make new products. These investments not only enable the company to keep its products competitive and to expand its markets but are also good insurance for the profit picture of the future. Here in brief are some of the major projects in various stages of completion.

CHEMICALS

SALT

The Sifto Salt Division continued development work on its Goderich Salt Mine which currently has a capacity of 4,000 tons per day. Construction of a new mine shaft has been started to provide a secondary access to the salt bed and a potential tonnage increase to 6,000 tons per day. A new brine field at Goderich is under development and the evaporating plant is being modernized.

COAL TAR PRODUCTS

A new plant for the production of phthalic anhydride will start operation in March, 1962. This chemical is used in the plastics and paint industries. Employing the ultra modern "fluid-bed catalyst" process, it will produce a superior product with a high degree of efficiency.

WOOD TREATING

The Canada Creosoting Division brought into production its new wood preserving plant at Prince George, British Columbia. It is equipped to handle ties, poles and lumber.



Some of the complex equipment installed in the new Toronto plant for the production of phthalic anhydride, which is used in the plastics and paint industries.

LIME AND LIMESTONE

Production capacity for these materials is in process of expansion. At Joliette, Quebec, new facilities for crushing and screening limestone as well as a large rotary kiln to produce lime are being installed. On the west coast a new lime plant is to



Modern Moncton, N.B., packaging materials centre which started operations in April and is producing shipping cases and cartons for the Atlantic Provinces.

be built at Tacoma, Washington, the first manufacturing activity by DOMTAR in the United States. It will draw its limestone from the company's quarries at Blubber Bay, British Columbia.

The Donnacona, Quebec, board mill of the Fibre Division has been extended and facilities provided for the production of several new lines.

CONSTRUCTION MATERIALS

The Clay Division has completed the first stage of a new brick plant at Ottawa, Ontario, and is producing at its designed rate of 25 million bricks per annum.

The Gypsum Division has reached the final stage in the expansion of the Caledonia, Ontario, plant and has completed work on a new roller mill at Winnipeg, Manitoba.

KRAFT AND FINE PAPER

The use of bleached kraft pulp is increasing in our own and our customers' mills. At the Kraft Division's Windsor Mills, Quebec, mill a new bleach plant has been constructed utilizing a chlorine dioxide generator to supply this modern pulp bleaching agent. In the East Angus, Quebec, mill a new broke pulper has been installed to improve operating efficiencies.

Recognizing the increasing demand for improved printing quality in its field, the Boxboard Division has installed equipment for the clay coating of boxboard at its Toronto, Ontario, plant.



Higher quality and brighter pulps are now possible at Windsor Mills, Que., mill through use of its modernized bleach plant and chlorine dioxide generator.

> Part of the new water clarifier at Three Rivers, Que., newsprint mill. One of the largest such installations in the world, the equipment can process 25 million gallons of water daily



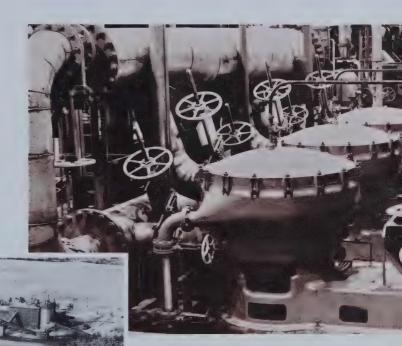
NEWSPRINT AND CONTAINERBOARD

Because so much water is used in the pulp and paper making process, its colour and clarity affect the brightness of the end products. To provide an adequate source of clean water, the Three Rivers, Quebec, mill has installed one of the largest water clarifiers in the world. It will process some 25,000,000 gallons of water each 24 hours, or sufficient for 125,000 average sized homes.

Contracts were let for the buildings and equipment to manufacture publication grade coated papers used in the printing of magazines and catalogues. Planned capacity of this Three Rivers installation is 50,000 tons a year.

PACKAGING AND CONVERTED PRODUCTS

In September the new packaging materials centre was opened at Moncton, New Brunswick. It provides shipping cases, cartons and paper products for the growing markets of the Atlantic provinces.



Set of three centri-screens installed on No. 2 containerboard machine, Red Rock, Ont., mill. Equipment gives stock a final screening before actual paper-making process.

New Ottawa, Ont., plant for the manufacture of Cooksville-Laprairie clay bricks which opened in August and is operating at rated capacity of 25 million bricks per annum.

Other projects include additional digesters and pulp cleaning equipment at the Red Rock, Ontario, mill; centri-cleaners at the Three Rivers, Quebec, mill; and a new Woodlands Division access road from Cowan Lake to Kama Bay in the Nipigon, Ontario, area.

A five-colour offset press was installed in the Leaside, Ontario, plant for the production of highly-decorative folding cartons.

At the Etobicoke, Ontario, plant a new printerslotter has made possible the production of many new and special designs of corrugated containers.

GENERAL ORGANIZATION

In view of the close financial relationship which had come to exist between Dominion Tar, St. Lawrence Corporation Limited and Howard Smith Paper Mills, Limited the management of the three companies were consolidated as an overall management in mid-1961, with operating responsibilities assigned on the basis of industries rather than on the previous basis of corporate identities. Operations with generally similar production technologies were thus grouped together. Likewise, products with similar marketing requirements were combined under the same operating management.

As a result of this consolidation, a new form of organization was conceived and implemented. Basically, it consisted of the establishment of six major operating groups. Each of the six has its own needs and opportunities arising from its particular industry situation and thus has been given a high degree of autonomy.

The six groups operate along the following industry lines:

- Chemicals
- Construction Materials
- Newsprint and Containerboard
- Consumer Products
- Kraft and Fine Paper
- Packaging and Converted Products













In the new organization certain Central Staff departments were established to provide advice and assistance to Central Management and to operational group managements in areas of specialized activity.

D. S. Thomas is Vice-President and Chief Financial Officer.

The Treasury and Secretary's Department is directed by J. G. Wyllie, Vice-President and Treasurer.

W. E. Adkins, Vice-President, directs the Central Development, Central Engineering and Central Research Departments. An extensive Research Centre is soon to be erected at the west end of Montreal Island.

The Purchasing and Traffic Departments are under the direction of W. R. Spence, Vice-President.

D. M. Matheson, Executive Director of Employee and Public Relations, is in charge of the Labour Relations, Safety, Personnel Administration and Public Relations Departments.





Hamilton, Ont., tar distillation plant, which started operations in 1959.

CHEMICALS

The Chemicals operational group consists of five divisions – Canada Creosoting Company, Limited, Coal Tar Products Division, Lime Division and Sifto Salt (1960) Limited and Chemical Developments of Canada Limited in which DOMTAR holds a majority interest.

The business of the company was originally founded in 1903 on the basic raw material of coal tar. Today coal tar, from which many chemicals are derived, remains as an important raw material for certain of the plants and processes of this group.

Plants of the Coal Tar Products Division are operated in Sydney, Nova Scotia; LaSalle, Quebec; and Toronto, Hamilton and Sault Ste. Marie, Ontario. Two plants in the Province of Quebec, which manufacture sponge iron powder and iron alloy powders, are operated by the Coal Tar Products Division.





Goderich, Ont., rock salt mine of Sifto Salt (1960) Limited,

At 12 Canadian plants, from Truro, Nova Scotia, in the east to New Westminster, British Columbia, in the west, Canada Creosoting Company, Limited pressure treats wood to prolong its life and increase its usefulness. Treated wood products continue to be used by railways, utilities, government bodies and the construction industry. It also finds many uses on the farm. Pressure treatment provides protection against decay and wood destroying insects and "builds in" lasting strength. Where desirable wood can also be treated to make it fire resistant.

The Lime Division services a multitude of industries with its basic products, limestone, quicklime and lime hydrate. From quarries in Quebec, Ontario and British Columbia comes the limestone which may be crushed or pulverized and distributed in this form or alternatively burned to yield lime. Lime and limestone are two of the most versatile materials known. They are widely used in the pulp and paper industry, iron



Lime Division
plant at Joliette, Que.

and steel foundries, road construction, animal feed, concrete aggregate, the roofing paper industry, the mining, glass and tanning industries, water and sewage treatment and as a soil reconditioner.

Sifto Salt (1960) Limited operates evaporating plants in Amherst, Nova Scotia, Goderich and Sarnia, Ontario, and Unity, Saskatchewan, and produces rock salt from its mine in Goderich. Salt from the evaporating plants, some of which is sold as table salt, is obtained by the brining method and is almost 100 per cent. pure. Output of the mine, which opened in the fall of 1959, is chiefly used for ice and snow control on roads and highways and as a chemical raw material. Imports of rock salt into Canada have been drastically reduced since the start up of the Goderich mine and, in fact, an export market is fast being developed by Sifto Salt.

Chemical Developments of Canada Limited, in which Dominion Tar is the major shareholder, operates a plant at Longford Mills, Ontario, for the manufacture of a number of chemicals, which are chiefly used in detergents, and also distributes a wide range of dyestuffs.



CONSUMER PRODUCTS

"JAVEX", Canada's favourite bleach, was but one of many bleaches when it first appeared in Ontario stores in 1935. Until the mid-forties "JAVEX", sold only in the 16 oz. size, was a regional brand in Ontario and parts of Quebec. In the next five years modern marketing and production methods, meticulous quality standards and aggressive selling established "JAVEX" bleach in its four sizes as the dominant brand of household bleach in most grocery stores in Canada.

During the burgeoning growth of the food industry in the next ten years the Company more than kept pace and added several new brands and sizes. Significant product firsts A quality control chemist examines a batch sample of "GLIDE" liquid starch. The starch must measure up to rigid quality standards before being bottled.



The Javex Company executive office and Ontario office and plant located in Leaside.

"JAVEX" bleach is being packaged in plastic bottles at the Leaside plant. At this point, the bottles are leaving the filling machine and passing through the automatic capper. The inspector is checking for proper fill and defects such as crooked caps or torn labels.



were the marketing on a Canada-wide basis of "GLIDE" liquid starch, "GAY" liquid detergent, "JAVEX" dry bleach and "FLEECY" fabric softener.

Considerable attention has been given to improved packaging and a new white plastic "JAVEX" bottle is gradually replacing the familiar amber jug. This light, easy to handle

The Edmonton, Alta., Javex Company office and plant.

bottle retains the product image and has been well received by consumer and grocer alike.

met with good success and the Company's products are now generally sold in the West Indies and in Malaya. Now established in well equipped plants in Montreal, Quebec, Leaside, Ontario, Winnipeg, Manitoba, Edmonton, Alberta, Vancouver, British Columbia, and Kingston, Jamaica, B.W.I., the company looks forward to continued growth and new opportunities as a part of DOMTAR's Consumer Products operation.



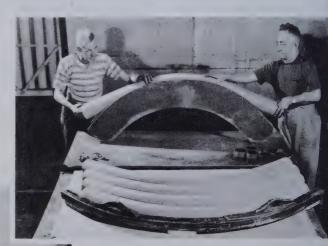
CONSTRUCTION MATERIALS

Dominion Tar's operations in the construction materials field are carried on by DOMTAR Construction Materials Ltd. whose diversified products are used across Canada in home and industrial building and by SIPOREX Limited which manufactures pre-cast concrete products.

DOMTAR Construction Materials Ltd. has taken over the operations formerly carried on by Cooksville-Laprairie Brick Limited, Gypsum, Lime & Alabastine Limited, Murray-Brantford Limited, the Donnacona board plant and No-Co-Rode Company Limited. Of its four divisions, the three Product Divisions – Clay, Gypsum and Fibre – direct product development and plant operations; the fourth, the Marketing Division, is responsible for field sales, advertising, sales promotion and merchandising services for all three product divisions.

The Gypsum Division produces the well known "GYPROC" wallboard as well as plaster, lath, insulation and related materials at plants in the provinces of Nova Scotia, Quebec, Ontario, Manitoba, Alberta and British Columbia.

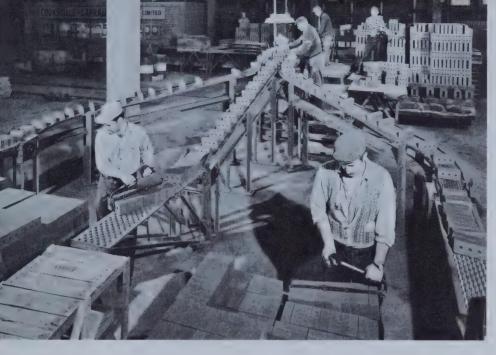
The Clay Division produces burned clay brick and tile, "HAYDITE" lightweight aggregate and asso-



Forming bends from lengths of wet "NO-CO-RODE" pipe at Cornwall, Ont. plant.



Slabs of pre-cast, light-weight "SIPOREX" concrete being installed for walls and roof of building.



Finished "COOKSVILLE-LAPRAIRIE" bricks coming off the production line.

ciated products at plants in Laprairie and Delson, Quebec, and at Cooksville, Cheltenham and Ottawa, Ontario. The highlight of the year in this Division was the firing-up at Ottawa of a new tunnel-kiln brick plant which was operating at rated capacity shortly after its August opening.

The Fibre Division includes three plants in New Brunswick, Quebec and Ontario manufacturing built-up roofing materials, asphalt shingles, building papers and protective coatings. This Division also includes the Cornwall, Ontario, plant which produces "NO-CO-RODE" electrical conduit, sewer and drainage pipes, the Saskatoon, Saskatchewan, hardboard and softboard plant and the softboard plant at Donnacona, Quebec.

SIPOREX Limited manufactures pre-cast, lightweight cellular concrete products at Delson, Quebec, and other pre-cast concrete products at Scarborough, Ontario, for use in the construction industry.



Roofing plant at Lachine, Que., part of the Construction Material Fibre Division.



KRAFT AND FINE PAPER

Kraft and Fine Paper operations are organized around Howard Smith Paper Mills, Limited and its subsidiaries. Its mills and plants together produce over 500 grades of paper and provide the graphic arts and paper converting industries with Canada's widest selection of papers.

Mills in Cornwall, Toronto, St. Catharines and Georgetown in Ontario, and Beauharnois, Quebec, are mainly concerned with the production of fine grade papers including stationery, bristols, bonds, ledgers, offset papers, book papers and cover papers. A portion of the output of these mills, which operate 13 paper machines, is directed to such specialized uses as tabulating card stock, food container stock, bank note paper, glassine and cigarette paper.

Two mills, at Portneuf, Quebec, and Thorold,



Cornwall, Ont., fine paper mill

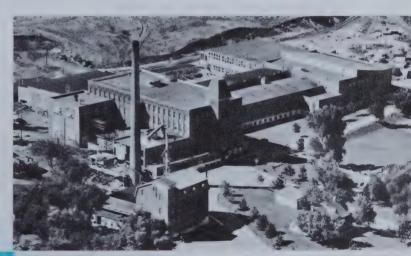


St. Catharines, Ont., fine and specialties paper mill

Ontario, formerly operated by Murray-Brantford Limited, manufacture felt paper grades which are used in making asphalt shingles and roofing papers. Another mill in the west end of Toronto makes linerboards for corrugated shipping boxes, boxboards, chipboards, cereal shellboards, automobile panelboards and other specialty boards.

The kraft (a German word meaning strong) line of papers is produced by mills at Windsor Mills and East Angus, Quebec. A total of nine paper machines in these mills manufacture paper, much of which is later converted into such products as plain and printed bags, printed gum tape, shipping tags, polyethylene and asphalt coated specialties and paper towels.

The Kraft and Fine Paper operation also makes and sells bleached and unbleached sulphite pulp and bleached soda pulp, with most of the market tonnage going to paper mills in the United States. Lignin, which is used in the manufacture of plastic laminates, and vanillin, the main ingredient of vanilla, the



Beauharnois, Que., fine paper mill

East Angus, Que., kraft and boxboard mill





Windsor Mills, Que., kraft mill

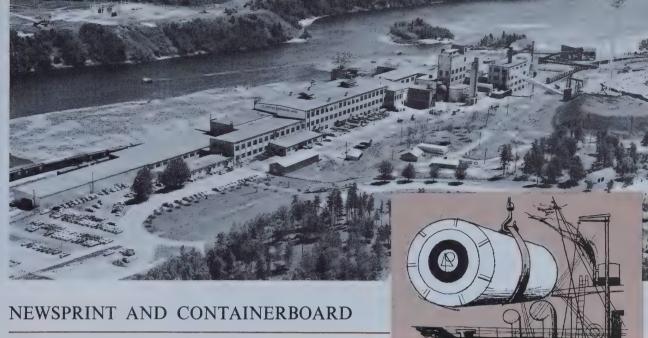
common flavouring extract, are both obtained as by-products of the Cornwall pulp mills.

An important development relating to fine paper operations is the growing popularity of coated papers and boards. Although one of the group's mills in Georgetown, Ontario, has been in the coating field for many years and another, in Toronto, Ontario, began clay-coating during 1961, a pronounced trend towards more universal use of coated papers and boards for both printing and packaging has become very clear. In order to prepare for this rising demand for coated grades, new board coating facilities are currently being installed at the Cornwall mill.

In addition to the paper-making processes, the Kraft and Fine paper operational group also includes two other types of manufacturing processes. The Arborite Company Limited at La Salle, Quebec, and its Continental-Diamond Fibre Division at Toronto, Ontario, manufacture and fabricate a wide range of plastic laminates in both decorative and industrial grades. And at Blind River, Ontario, Huron Forest Products Co. Limited operates the largest sawmill east of the Rockies and markets air and kiln-dried white and red pine, spruce, "BONDED PINE" panelling and pulpwood chips from the sawmill wastes.

LaSalle, Que., "ARBORITE" plastic laminating plant





Dolbeau, Que., newsprint mill and part of the townsite

The Newsprint and Containerboard operational group is responsible for the production and marketing of these two basic products and the production of unbleached sulphite pulp. This group's Woodlands Division also directs DOMTAR'S combined woodlands operation which supplies pulpwood for the newsprint and containerboard as well as the kraft and fine paper mills.

NEWSPRINT

Newsprint is the paper on which your daily or weekly newspaper is printed. It is manufactured on 12 fourdrinier paper machines at four mills located in Quebec and Ontario with an annual capacity of 620,324 tons. These mills produce various grades of newsprint including standard, rotogravure, offset and coloured.

Our newsprint is sold to users in Canada and the United States and overseas to the United Kingdom, Australasia, Mexico, the Phillippine Islands, Colombia and 19



Some of the mechanical equipment in operation extracting pulpwood from our forest limits



The Trenton, Ont., containerboard mill

other countries throughout the world. Well over 500 publishers use DOMTAR produced newsprint on which to print their newspapers.

The newsprint mills include three of St. Lawrence Corporation located at Three Rivers and Dolbeau, Quebec, and Red Rock, Ontario, and the Donnacona Paper Company Limited's mill near Quebec City. Townsites are also owned and operated by the Company at Red Rock, Dolbeau and Donnacona.

CONTAINERBOARD

Containerboard includes those grades of paperboards used in the manufacture of corrugated shipping boxes and lightweight containers. Containerboard is manufactured on two fourdrinier machines at two mills—the Red Rock mill of St. Lawrence Corporation and the Trenton mill of Hinde and Dauch—both located in Ontario. Annual production capacity is rated at 182,500 tons.

Containerboard is sold to paper converters in the domestic market with some tonnage being shipped to the United Kingdom and other overseas markets.

A large percentage of the containerboard manufactured by these two mills is used for the converting operations of the Packaging and Converted Products plants and by DOMTAR Construction Materials Ltd.



The Red Rock, Ont., newsprint and containerboard mill and part of the townsite



The Donnacona, Que., newsprint and board mill showing part of the townsite



WOODLANDS DIVISION

The woodlands operations of Canada Paper, Donnacona, Hinde and Dauch, Howard Smith and St. Lawrence Corporation have been consolidated into a combined Woodlands Division. The division supplies pulpwood from our own woodlands limits, supplemented by large purchases from farmers and other limit holders. Wood chips made from sawmill waste are also procured from sawmill operators thus helping to assure maximum use of our forest resources.

The division, which employs 5,042 fulltime and seasonal employees, uses the latest mechanical equipment and methods. In all, the division manages 22,208 square miles, part of which is owned by the company but the majority is held under license from the provincial governments. Some 7,541 square miles are in Quebec and 14,463 square miles in Ontario with small holdings in the States of Maine and New York in the U.S.A.

With these limits, the division has sufficient woodlands to supply the mills with pulpwood in perpetuity at present rates of consumption. On the limits the division provides modern living and eating quarters for the employees, constructs access roads and bridges and provides fire and insect protection.



The Three Rivers, Que., newsprint mill



PACKAGING AND CONVERTED PRODUCTS

The activities of the Packaging and Converted Products operational group are organized around the operations of Hinde and Dauch Limited as the main segment with the addition of other elements from Howard Smith Paper Mills and St. Lawrence Corporation. The operations are structured to keynote one of the fundamentals of our philosophy, namely, that this segment of the company is in the "packaging" business. At the present time this entails facilities for manufacturing all types of packaging, bags and wrapping paper for manufacturers and retailers.

The operation is divided into several groupings. They are the Shipping Case Division, the Carton Specialties Division and the Coarse Papers Division.

The Shipping Case Division manufactures and sells a wide variety of corrugated paperboard

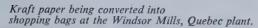
Technicians testing containers at the modern container and paper testing laboratory in Toronto.



products, including all types of shipping cases, interior packing – sheets, pads, partitions and single face rolls. Production at the Toronto, Ontario, location also includes a line of solid fibre shipping cases and chipboard partitions.

Shipping case plants are strategically located across Canada at Moncton, New Brunswick;

Assembling material at discharge end of die-cutting operation, one of the operations in producing corrugated containers.





Montreal, Quebec; Peterborough, Toronto, Etobicoke and St. Mary's, Ontario; Winnipeg, Manitoba and Calgary, Alberta. At each of these locations customers have available to them the services of experienced packaging engineers to design corrugated containers in which their wares may be easily packed and moved safely from the point of manufacture to the eventual customer. The art

department provides customers with another service, the design of attractive, eye-catching surface designs on containers and display stands. Sales offices are maintained at 15 other major centres across the country.

The Carton Specialties Division with its own specialized packaging engineers and design artists, produces in a plant located at Leaside, Ontario, the highest quality folding cartons, such as soap and ice cream boxes, using the latest in multi-coloured litho and letterpress printing equipment.

The division also operates a Liquid Food Container Manufacturing Unit in Montreal, Quebec, which manufactures a range of milk and food containers from solid bleached paperboard.

The latest addition to the division is the Cylindrical Fibre Container Plant at Chatham, Ontario. At this

The corrugated container plant at Etobicoke, Ontario. This building is similar to other Packaging and Converted Products plants across Canada.



location a variety of cylindrical paper containers are produced such as those used for table salt, insecticides and other dry household and industrial products.

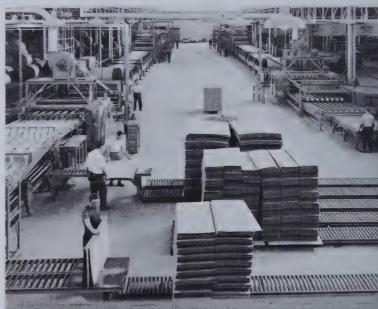
The third major function of the group is the manufacture and sale of a variety of other converted paper products. This includes the manufacture of a wide range of paper bags and carry-out sacks including grocery, shopping, notion, millinery and novelty bags and wrapping paper. The converting plants are located at East Angus and Windsor Mills, Quebec.

With sales offices and warehouses across the country these converted products for home, business and industry are distributed and sold by our whole-

Moving DOMTAR containerboard with modern mechanical equipment into one of the corrugated container plants.



sale trading branches. DOMTAR branches include companies such as W. J. Bell Paper Company Limited and its divisions, Brompton Distributing and Richmond Paper, Kilgour's Limited, The



Sheets of corrugated board coming off the corrugating machines.

MacGregor Paper & Bag Company Incorporated and Schofield Paper Company Limited.

The Packaging and Converted Products group maintains a modern container and paper testing laboratory in Toronto. This serves not only to diversify and improve its products but also assists customers in solving their packaging and paper problems.

The main materials used by Packaging and Converted Products are supplied by DOMTAR's paper mills.

PRODUCTS AND LOCATIONS



CHEMICALS

Products

Synthetic Detergents Wetting Agents Detergent Additives
"CARBOXEL" Cellulose Gum Coal Tar Pitches Crushed and Pulverized Stone Creosote Dyestuffs and Pigments Iron and Iron Alloy Powders Quicklime Lime Hydrate Naphthalene Phthalic Anhydride Pressure Treated Wood Products Rock Salt **Evaporated Salt** Sand Tar Acids

Plants

Truro, Sydney and Amherst in Nova Scotia.

Newcastle in New Brunswick.

Delson, Iberville, Lachine, Montreal, Joliette, St. Emelie and St. Marc in Quebec.

Sudbury, Trenton, Longford Mills, Hamilton, Toronto, Sault Ste. Marie, Beachville, Hespeler, Paris, Goderich and Sarnia in Ontario.

Transcona in Manitoba.

Prince Albert and Unity in Saskatchewan.

Calgary and Edmonton in Alberta.

New Westminster, North Vancouver, Prince George, Blubber Bay and Granville Island in British Columbia.



CONSUMER PRODUCTS

Products

"JAVEX" - Liquid and Dry Bleach

"GLIDE" - Liquid Laundry Starch

"GAY" - Liquid Detergent

"FLEECY" - Laundry Rinse

Plants

Montreal, Quebec. Toronto, Ontario. Winnipeg, Manitoba. Edmonton, Alberta. Vancouver, British Columbia. Kingston, Jamaica, B.W.I.



CONSTRUCTION MATERIALS

Products

"COOKSVILLE-LAPRAIRIE" Brick

"COOKSVILLE-LAPRAIRIE" Block and Tile

"HAYDITE" Lightweight Aggregate "GYPROC" Wallboards Hardwall Plaster and Lath Stucco and Mortar Mixes

Lime Products

Mineral Wool Insulation

"MURRAY-BRANTFORD" Built-up Roofing Products

"MURRAY-BRANTFORD" Asphalt Shingles

Plants

Nappan and Windsor in Nova Scotia.

Saint John in New Brunswick.

Montreal, Delson, Laprairie, Montreal East, Lachine and Donnacona in Quebec.

Cheltenham, Cooksville, Ottawa, Toronto, Caledonia, Paris, Brantford, Cornwall and Scarborough in Ontario.

(Continued on page 32)

DONNACONA Wallboards and Tiles
DONNACOUSTI Ceiling Tiles
"DONNACONA KB" Sheathing
Asphalt and Pitch Protective Coatings
"NO-CO-RODE" Sewer and Drainage Pipe
"CORNWALL" Underground Electrical Conduit
Sand Lime Brick
"SIPOREX" Cast Cellular Concrete Products

Gypsumville and Winnipeg in Manitoba. Saskatoon in Saskatchewan. Calgary in Alberta. New Westminster in British Columbia.



KRAFT AND FINE PAPER

Products

"ARBORITE" – Decorative and Industrial Paper and Cloth Base Plastic Laminates Boxboards
Cores
Felt Paper Stocks
Fine Papers
Kraft Specialty Papers
Kraft Wrapping Papers
Lumber
"BONDED PINE" – Panelling
Paper Towelling
Specialty Papers and Board
Unbleached Sulphate Pulp
Bleached Soda, Sulphite and Sulphate Pulps
Vanillin and Lignin

Mills and Plants

Montreal (LaSalle), Windsor Mills, Portneuf, Beauharnois and East Angus in Quebec.

Cornwall, Toronto, Merritton, Georgetown, Thorold, Blind River and Sultan in Ontario.



NEWSPRINT AND CONTAINERBOARD

Products

Coloured Newsprint
Offset Newsprint
Roto Newsprint
Standard Newsprint
Containerboards
Unbleached Sulphite Pulp

Mills

Dolbeau, Three Rivers and Donnacona in Quebec.

Red Rock and Trenton in Ontario.



PACKAGING AND CONVERTED PRODUCTS

Products

Corrugated Paperboard Products Cylindrical Fibre Containers Folding Cartons Grocery Bags Milk and Liquid Food Containers Notion, Millinery and Novelty Bags Solid Fibre Shipping Boxes

Plants

Moncton in New Brunswick.
Montreal, East Angus and
Windsor Mills in Quebec.
Toronto, Etobicoke, Leaside, Peterborough,
St. Mary's and Chatham in Ontario.
Winnipeg in Manitoba.
Calgary in Alberta.



From the salt of the earth-Sifto gives you safer highways, better chemicals, and tastier steaks - Sifto Salt Limited.

DOMTAR
"ALL CANADIAN"



MEET THE JAVEX COMPANY FAMILY

This family of "JAVEX" products are favourite household items across Canada. They include "GLIDE" Liquid and Spray Starches, "GAY" Liquid Detergent, "FLEECY" Laundry Rinse, and "JAVEX" Liquid, Dry and Oxygen Bleaches.



